

**FIRST MEETING  
FOR THE FIFTH REPLENISHMENT OF RESOURCES  
OF THE GEF TRUST FUND  
PARIS, FRANCE  
MARCH 17-18, 2009**

**SUMMARY OF THE CO-CHAIRS**

1. The first meeting of participants for the GEF-5 Replenishment was held at the World Bank office in Paris, France on March 17-18, 2009. Contributing Participants were joined by GEF Council Members and observers from the GEF Agencies, and representatives from the global environmental Conventions from all four environmental conventions for which the GEF serves as a financial mechanism. The meeting was co-chaired by Mr. Philippe Le Houérou, Vice-President, Concessional Finance and Global Partnerships, World Bank, and Ms. Monique Barbut, CEO and Chairperson, Global Environment Facility.
2. Participants agreed on the need for a significant and substantial replenishment, while some noted the challenges of the continuing financial crisis and impacts on budgetary resources.
3. Mr. Le Houérou recalled that the Participants at the November 2008 Planning Meeting had agreed on a schedule of replenishment meetings, beginning with the March 2009 meeting in Paris: the second meeting to be held in June 2009 in Washington; the third meeting to be held in the fall of 2009; and a fourth and possibly final meeting to take place in January or February 2010. Participants interested in hosting the third and fourth meetings were invited to make their intentions known to the World Bank as Trustee as soon as possible.
4. The World Bank as Trustee introduced the paper on effective exchange rates to be used for determining GEF-5 contributions. To ensure that the final exchange rates would be known by the time of the third meeting, when indicative pledges are expected to be made by participants, it was agreed that the recommendation in Section IV of the paper would be amended and the reference time period would be seven months, beginning March 1, 2009 and ending September 30, 2009. Consistent with practice in previous replenishments, it was agreed that donor countries experiencing annual average inflation rates of over 10% during the period of 2006 to 2008 would denominate their GEF-5 contributions in Special Drawing Rights (SDRs). The Trustee informed the participants that data on the average inflation rates for 2008 would be available by the June 2009 meeting. The Trustee also indicated that more detailed figures on disbursement figures for GEF-4 would be available from the agencies for the fall meeting.
5. Participants welcomed a report from the Trustee presenting a financial review of the GEF Trust Fund and outlining the key challenges inherent in its financial management, particularly the exposure to foreign exchange fluctuations. The Trustee also informed participants of the ongoing process of reconciling all financial information between the Trustee, Agencies and the Secretariat. If changes were required to the paper once the reconciliation was complete, a revised final paper would be re-posted on the GEF website. Ms. Barbut noted that the current financial situation, which was less favorable compared to the situation in summer 2006, necessitated reallocation of resources between focal area allocations. She also indicated that steps were being taken to cancel non-performing projects in a bid to release additional resources for programming.

6. The Secretariat presented a paper summarizing inputs from Participants on the special themes for discussion in the GEF-5 replenishment negotiations. The inputs covered six broad themes: (i) institutional reform and governance; (ii) engaging the private sector; (iii) new sources of financing; (iv) resource allocation framework; (v) focus on effectiveness, efficiency, and results; and (vi) scope and mandate of the GEF focal areas.

7. Participants also considered a paper prepared by the GEF Secretariat on the future strategic positioning of the GEF that proposed reforms in five key areas: (i) enhancing accountability to the conventions through reform of the governance structure; (ii) improving responsiveness to recipient countries by developing a more flexible resource allocation system; (iii) tracking and delivering results; (iv) strengthening the funding base; and (v) reforming the institutional and governance framework, including endowing the GEF Secretariat with legal capacity.

8. Participants remarked on the broad convergence in approaches between the two above-mentioned documents, and expressed general support for reform measures and strategic programming directions, with the request that more detail and analysis be provided for the June meeting, including a clear articulation of the rationale for these reforms. In particular, several participants requested further clarification on the issues associated with direct access and expanding the number of GEF agencies.

9. The Secretariat presented a third document outlining a set of innovative financial instruments that could be considered to generate resources in addition to the replenishment contributions. Participants agreed that it would be best to limit further discussion on this topic to ensuring that the GEF has the capacity to take advantage of any innovative financing mechanisms established at other fora.

10. In discussing the three documents and proposing further directions for the June meeting, Participants were of the view that it would be useful to group the issues under two broad themes that are themselves closely interlinked: (i) institutional reform and governance, including a joint note with the World Bank on the legal status of the GEF, potential expansion of the GEF's cooperation with the private sector, any reforms necessary to receive funds generated by innovative approaches in other international fora, such as the UNFCCC; and (ii) GEF-5 Programming, including scope and mandate of GEF, a review of the approach to incremental costs, focal area strategies (including GEF's role in chemicals), a private sector strategy prepared jointly with the International Finance Corporation, ways to improve effectiveness, monitoring and reporting of results, and linkages to the resource allocation framework.

11. The GEF Secretariat will also draft a paper addressing broadening of access to GEF resources, including a proposed pilot on direct access.

12. The Participants also requested that the Secretariat prepare a paper on mainstreaming the LDCF and SCCF in the replenishment process.

13. The World Bank, in its capacity as GEF Trustee, committed to work with the Agencies to provide information requested by Participants related to procurement and co-financing. The Trustee will prepare for the June meeting: Terms of Reference for a review of GEF financial systems; a paper on foreign exchange risk management and mitigation options; and a paper covering the information on procurement and co-financing requested by participants.

14. The GEF Secretariat will prepare for the June meeting: A paper on institutional and governance reform, including a joint note (with the World Bank's Legal Vice Presidency) on the legal status of GEF; a paper on broadened access to GEF resources, including a pilot

on direct access; a paper on mainstreaming the LDCF and SCCF in the replenishment process; and a GEF-5 Programming document.

15. The World Bank, in its capacity as an Implementing Agency, will work with all of the GEF agencies to produce a consolidated paper for the June meeting on the issues raised in the strategic positioning document.

16. Participants agreed to hold the next meeting at the World Bank headquarters in Washington, DC on June 25-26, 2009.